

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-09 IO-14 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
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FM SECSTATE WASHDC
TO AMEMBASSY BERN
AMEMBASSY TOKYO
AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
USMISSION GENEVA

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ALSO FOR USDEL MTN GENEVA

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: WATCHES - UNITED STATES INTERNATIONAL TRADE COM-
MISSION (USITC) ANNOUNCES RESULTS OF ITS SPECIAL STUDY

REF: STATE 248273, OCTOBER 6, 1976

1. IN REFTEL WE ADVISED THAT THE USITC HAD UNDERTAKEN A
SPECIAL STUDY OF THE EFFECT OF A WATCH TARIFF BILL AND
THE NEED TO PROTECT A DOMESTIC INDUSTRY. FOLLOWING IS
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TEXT OF USITC PRESS RELEASE DATED JUNE 23 ANNOUNCING THE
OUTCOME OF THE STUDY (BEGIN TEXT):

ON MAY 30, 1977, THE USITC REPORTED TO THE COMMITTEE ON
WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES THE RESULTS
OF ITS INVESTIGATION ON WATCHES AND PARTS. THE INVESTIGA-
TION WAS INSTITUTED IN RESPONSE TO A RESOLUTION BY THE

COMMITTEE ON WAYS AND MEANS REQUESTING THAT THE USITC CONDUCT AN INVESTIGATION, PURSUANT TO SECTION 332(G) OF THE TARIFF ACT OF 1930, TO DETERMINE THE PROBABLE ECONOMIC EFFECT OF THE PROVISIONS OF H.R. 14600 (A BILL THAT WOULD SUBSTANTIALLY INCREASE THE IMPORT DUTIES APPLICABLE TO NONCONVENTIONAL WATCHES AND PARTS THEREOF) AND THE NEED TO PROTECT A DOMESTIC INDUSTRY. THAT REPORT HAS NOW BEEN

RELEASED BY THE COMMITTEE ON WAYS AND MEANS.

OVERALL, THE COMMISSION REPORT INDICATED A STRONG INCREASE IN U.S. CONSUMPTION OF WATCHES COMBINED WITH INCREASES IN U.S. PRODUCTION AND U.S. SHIPMENTS OR SALES OF WATCHES AND U.S. EMPLOYMENT IN THE PRODUCTION OF WATCHES, WITH MOST OF THE INCREASES OCCURRING IN 1975 AND/OR 1976. THE REPORT ALSO INDICATED THAT U.S. IMPORTS OF WATCHES AND WATCH PARTS INCREASED SUBSTANTIALLY DURING THE PERIOD 1972/76.

THE COMMISSION'S REPORT INDICATES THAT THE SEGMENT OF THE WATCH INDUSTRY IN THE UNITED STATES THAT PRODUCES NON-CONVENTIONAL WATCHES AND PARTS THEREOF HAS SHOWN SUCH RAPID GROWTH THAT ITS INCREASES IN CONSUMPTION, PRODUCTION, SHIPMENTS, AND EMPLOYMENT MORE THAN OFFSET THE DECLINES EXPERIENCED IN THE CONVENTIONAL WATCH SEGMENT OF THE INDUSTRY. THE REPORT ALSO INDICATES THAT THE

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PROBLEMS OF THE CONVENTIONAL SEGMENT OF THE DOMESTIC WATCH INDUSTRY ARE CAUSED BY THE INCREASED SHARE OF THE U.S. WATCH MARKET OBTAINED BY NONCONVENTIONAL WATCHES. IN 1972, NONCONVENTIONAL WATCHES ACCOUNTED FOR ONLY 0.6 PERCENT OF APPARENT U.S. CONSUMPTION OF ALL WATCHES, 0.9 PERCENT OF U.S. SHIPMENTS OF ALL U.S. MADE WATCHES, AND 16 PERCENT OF U.S. EMPLOYMENT IN THE PRODUCTION OF ALL WATCHES AND PARTS. BY 1976, HOWEVER, NONCONVENTIONAL WATCHES ACCOUNTED FOR 24.7 PERCENT OF U.S. APPARENT CONSUMPTION, 27.5 PERCENT OF U.S. SHIPMENTS OF U.S. MADE WATCHES AND HALF OF THE MAN-HOURS WORKED IN THE UNITED STATES IN THE PRODUCTION OF WATCHES AND WATCH PARTS. END TEXT.

2. THE ADOPTION OF THE WAYS AND MEANS COMMITTEE RESOLUTION, OCCURRING AS IT DID NEAR THE CLOSE OF THE SECOND SESSION, HAD THE EFFECT OF PUTTING AN END TO CONSIDERATION OF THE WATCH BILL BY THE NINETY-FOURTH CONGRESS. LEGISLATION SIMILAR TO H.R. 14600 HAS NOT BEEN INTRODUCED TO DATE IN THE NINETY-FIFTH CONGRESS, AND, TAKING

THE USITC REPORT INTO CONSIDERATION, CONGRESSIONAL ACTION

ON ANY SUCH LEGISLATION DOES NOT SEEM LIKELY FOR THE
FORESEEABLE FUTURE.

3. COPY OF USITC REPORT AIRPOUCHED. CHRISTOPHER

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Message Attributes

Automatic Decaptoning: X
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Control Number: n/a
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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Handling Restrictions: n/a
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